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Date: February 13, 2026

DMS/DECE/BWF Operations Memo 26-J1

To: Income Maintenance Supervisors  
Income Maintenance Lead Workers  
Income Maintenance Staff  
W-2 Agencies  
Training Staff  
Child Care Eligibility and  
Authorization Supervisors and Workers  
TMJ Contractors, Subcontractors, and Staff  
TJ Contractors, Subcontractors, and Staff

From: Jonelle Brom, Director  
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**Affected Programs:**

- BadgerCare Plus
- Caretaker Supplement
- Children First
- Emergency Assistance
- FoodShare
- FoodShare Employment and Training
- Job Access Loan
- Job Center Programs
- Medicaid
- Other Employment Programs
- Refugee Assistance Program
- SeniorCare
- Transitional Jobs
- Transform Milwaukee Jobs
- Wisconsin Shares Child Care
- Wisconsin Works
- Workforce Innovation and Opportunity Act

**Earned Income, Homestead, and Other Tax Credits**

## **CROSS REFERENCE**

- Transitional Jobs (TJ) and Transform Milwaukee Jobs (TMJ) Manual, [Section 2.3.1.2 Disregarding Annual Income](#) and [Section 3.12 Tax Credits](#)
- Wisconsin Works (W-2) Manual, [Section 3.2.8 Disregarding Income](#) and [Section 3.3.4.5 Federal Income Tax Refunds](#)
- FoodShare Handbook, [Section 4.3.4.3 Disregarded Unearned Income](#) and [Section 4.4.1.7 Disregarded Assets](#)
- Wisconsin Shares Handbook, [Section 6.3 Disregarded Income](#)
- BadgerCare Plus Handbook, [Section 16.2 Income Types Not Counted](#)
- Medicaid Eligibility Handbook, [Section 15.5.7 Income Tax Refunds](#), [Section 15.5.15 Earned Income Tax Credit](#), [Section 16.7.7 Income Tax Refunds and Credits](#), and [Section 16.7.8 Earned Income and Child Tax Credits](#)
- SSI Caretaker Supplement (CTS) Policy Handbook, [Section 3.2.1 Income](#) and [Section 3.2.2 Assets](#)

## **EFFECTIVE DATE**

Immediately

## **PURPOSE**

This operations memo provides:

- Information on tax credits and tax preparation services available to working families in Wisconsin for the 2025 tax year;
- A reminder to Wisconsin Works (W-2) and Income Maintenance (IM) agencies of the importance of notifying program participants of the financial advantages of federal and state tax credits; and
- A reminder on how to count federal and state tax refunds when determining financial eligibility for assistance.

## **BACKGROUND**

There are several federal and state tax credits available to eligible working families that help reduce tax burden and increase income. The table below summarizes maximum tax credit amounts for working individuals and families during the 2026 tax season when income taxes are filed for tax year 2025.

**Summary of Maximum Tax Credits with Income Eligibility Limits - Tax Year 2025**

Number of Qualifying Children	Federal Earned Income Credit (EITC)	Wisconsin Earned Income Credit (EIC)	EITC and EIC Income Limits (Federal and State)	Wisconsin Homestead Credit	Wisconsin Homestead Credit Income Limit	Federal Child Tax Credit (CTC)
0	\$649	No credit available	\$19,104 (single) \$26,214 (married)	\$1,168	\$24,680	\$0
1	\$4,328	\$173	\$50,434 (single) \$57,554 (married)			\$2,200/child under 17
2	\$7,152	\$787	\$57,310 (single) \$64,430 (married)			
3 or more	\$8,046	\$2,736	\$61,555 (single) \$68,675 (married)			

**RELATED INCOME POLICIES**

Federal tax refunds are disregarded income and will not disqualify working families from the programs listed below. Where applicable, agencies must continue to follow current policy when counting state tax refunds.

***W-2 and Related Programs***

Federal income tax refunds, including tax credits, shall be disregarded as income and as an asset for 12 months following the date of receipt. Any remaining, unspent portion of tax refunds after the 12-month disregard period must count as an available asset.

W-2 agencies must disregard any portion of a state income tax refund resulting from the Wisconsin EIC in the month received as income. Any remaining, unspent amount of Wisconsin EIC in a subsequent month must be counted as an available asset.

W-2 agencies and Financial and Employment Planners need to be aware that W-2 paid placement benefits—that is, Community Service Job (CSJ), W-2 Transition (W-2T), At Risk Pregnancy, Stipends for Noncustodial Parents, Custodial Parent of an Infant, and Refugee Cash Assistance (RCA) payments—are not considered earned income and are not subject to income tax. However, employment outside of W-2 and any pay received from an employer through participation in Transform Milwaukee Jobs (TMJ), Transitional Jobs (TJ), or the Trial Employment Match Program (TEMP) during 2025 will be applicable for income tax credits.

***Wisconsin Shares Child Care Subsidy Program***

Wisconsin Shares Child Care agencies must disregard federal and state income tax refunds (including the credits listed in the table on page two) as income.

### ***BadgerCare Plus and Family Planning Only Services***

IM agencies must disregard federal and state income tax refunds (including the credits listed in the table on page two) as income.

### ***Medicaid and Caretaker Supplement***

IM agencies must disregard all federal and state income tax refunds (including the credits listed in the table on page two) as income. IM agencies must disregard all federal income tax refunds and credits as assets for 12 months following the month of receipt. If there is a remaining, unspent portion of the refund or credit after the 12-month disregard period has passed, agencies must count that portion as an available asset. All state income tax refunds and credits are considered available assets in the month after the month of receipt.

### ***FoodShare***

IM agencies must disregard federal and state income tax refunds (including the credits listed in the table on page two) as income. For FoodShare households subject to a FoodShare asset test, IM agencies must disregard any remaining portion of a federal and state income tax refund, rebate, or credit from the asset test for 12 months following the month the refund is received. Count the remaining EITC *tax refund, rebate, or credit* as an asset for those applying and subject to a FoodShare asset test when the household has lost eligibility for more than 30 days and is reapplying for benefits.

## **AVAILABLE TAX CREDITS**

### ***Federal and Wisconsin Earned Income Tax Credits (EITC)***

The federal EITC and Wisconsin EIC are available to working individuals with low or moderate incomes. To qualify for these tax credits, individuals must have earned income from employment or self-employment. When an individual's tax credit exceeds the amount of taxes they owe, the individual qualifies for a tax refund. To qualify for a tax refund, individuals must meet certain requirements and file a tax return, even if they do not owe any taxes.

The Internal Revenue Service (IRS) has an [interactive EITC Assistant tool](#) that assists individuals with determining if they can claim the federal EITC and with calculating the amount of the credit.

For more information about the federal EITC, refer to the [IRS website](#).

For more information on the Wisconsin EIC, refer to the [Wisconsin Department of Revenue \(DOR\) website](#).

### ***Wisconsin Homestead Credit***

The Wisconsin homestead credit is available to low-income Wisconsin residents who rent or own their home. This credit is meant to lessen the impact of property taxes and rent. To qualify, an individual (or spouse if married) must be age 62 or older, disabled, or have earned income.

The following provisions apply to individuals who received a W-2 payment in tax year 2025:

- If an individual received **any** amount of a W-2 payment in 2025, the individual's property taxes, and rent are reduced by one-twelfth for **each** month the individual received payment.
- If an individual received a W-2 payment for all 12 months of 2025, the individual is not eligible for the homestead credit.

Similar provisions apply to county relief payments of \$400 or more received in tax year 2025.

For more information about the homestead credit, refer to the [Wisconsin DOR website](#).

### ***Federal Child Tax Credit (CTC)***

The federal CTC is available to families with a qualifying child. If the amount of the CTC is greater than the amount of income tax a family owes, the family may receive up to \$1,700 of the credit as a refund.

The IRS has an [interactive interview](#) that assists families with determining if they are eligible for the CTC.

For more information about the CTC, refer to the [IRS website](#).

### ***Federal Child and Dependent Care Credit (CDCC)***

The federal CDCC is available to families who pay out-of-pocket expenses for the care of children, adult dependents, or an incapacitated spouse in order to work or look for work. If a family does not earn enough money to owe federal income taxes, or if the family's CDCC exceeds the amount of taxes it owes, the family cannot benefit from the credit.

The IRS has an [interactive interview](#) that assists families with determining if they are eligible for the CDCC.

For more information about the CDCC, refer to the [IRS website](#).

### ***Filing Taxes for Previous Years***

Individuals may file for federal tax credit refunds for the three previous tax years (i.e., 2022, 2023, and 2024) even if they have not filed tax returns for these years. If applicable to their situation, they would still be eligible to receive EITCs and CTCs for those previous years.

For more information on how to file a tax return for a prior year, call the IRS phone number for individual assistance at 1-800-829-1040 or visit the [IRS website](#).

## **TAX PREPARATION RESOURCES**

### ***Volunteer Income Tax Assistance (VITA)***

The VITA program offers tax preparation help to low-income individuals, individuals with disabilities, and limited English-speaking taxpayers. IRS-certified volunteers provide free basic income tax return preparation with electronic filing at various sites in local communities. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping centers, and other convenient locations. Most VITA sites are open from February 1 through April 15, and some require an appointment.

To find a VITA site, call 1-800-906-9887 or use the [VITA Locator Tool on the IRS website](#). For more information about the VITA program, visit the [IRS website](#).

### ***Tax Counseling for the Elderly (TCE)***

The TCE program offers free tax preparation help for all taxpayers who are 60 years of age or older. The TCE program specializes in questions about pensions and retirement-related issues unique to seniors. The American Association of Retired Persons (AARP) Foundation operates the majority of TCE sites through its Tax-Aide program which provides tax assistance for all taxpayers, with a special focus on taxpayers who are 50 or older. AARP's volunteer tax preparers are IRS-certified.

To find an AARP Tax-Aide site, call 1-888-687-2277 or visit the [AARP website](#). For more information about the TCE program, visit the [IRS website](#).

### ***Fees and Commercial Tax Preparation***

Some tax preparation companies take advantage of taxpayers by offering money up front to individuals seeking tax refunds but charge high interest rates and fees to access the money. Some companies also charge preparation fees that reduce an individual's tax refund amount, while others offer the refund amount via a high-fee debit card.

Agencies should inform participants about these types of tax preparation services and encourage participants not to sign anything without fully understanding the terms and conditions of the contract. Agencies should encourage participants to use VITA sites. These sites are free and have free electronic tax filing, which can result in a speedier tax return.

### ***Tax-Related Scams***

The IRS maintains a webpage listing consumer alerts and common scams during tax season. Some to be aware of include:

- Callers claiming to be IRS employees who tell victims they owe money which must be paid by gift card, debit, or wire transfer.
- Fraudulent emails using the IRS logo or with links to fake websites intended to mirror the official IRS website; these emails seek to obtain an individual's personal and financial information.

The IRS will never call taxpayers for immediate payment using a specific payment method and will not contact taxpayers by email, text, or social media to request personal or financial information.

For more information regarding tax scams and consumer alerts, visit the [IRS Tax Scams/Consumer Alerts webpage](#). To report tax-related scams and learn what to do if a suspicious communication is received, visit the [IRS Report Phishing and Online Scams webpage](#).

### ***Tax Information in Other Formats***

The IRS website can be displayed in Spanish, Chinese, Korean, Russian, Haitian Creole, and Vietnamese. The IRS operates local Taxpayer Assistance Centers that provide free over-the-phone interpreter services in over 170 languages. To find a list of Taxpayer Assistance Centers, refer to the [IRS website](#). To use a Telecommunications Relay Service for persons with hearing or speech disabilities, dial 711.

## **AGENCY ACTION**

All W-2 and IM agencies must inform program participants of the advantages of claiming available tax credits and of free tax return preparation services available in the community. Agencies may provide the information in any combination of methods including face-to-face contact, posting of information in

customer service areas, handing out information sheets, including information in an existing mailing to the participant, and any other suitable means that provide increased awareness to families requesting or receiving assistance.

A sample handout is provided as an attachment to this memo.

**NOTE:** The Department of Children and Families no longer completes a mass mailing of the attached handout to W-2 program participants. W-2 agencies are responsible for sharing this information with program participants. This includes sharing it with job seekers and employed participants.

Each year, the Center for Budget and Policy Priorities leads the national Get It Back Campaign to assist local agencies in publicizing the EITC, the CTC, and free tax filing assistance. The Get It Back Campaign website provides an outreach kit that includes tax credit information, outreach tools and strategies, and other helpful information. The website also provides printable fact sheets, printable posters in English and Spanish, and printable flyers in 24 languages. The kit and outreach materials are available at the [campaign website](#).

## **ATTACHMENT**

[2025 Tax Credits Flyer](#)

## **CONTACTS**

For FoodShare and Badger Care Plus questions, contact the DHS CARES Problem Resolution Team

For Wisconsin Shares Child Care policy questions outside of Milwaukee County, contact your Bureau of Regional Operations (BRO), Child Care Coordinators at [broccpolicyhelpdesk@wisconsin.gov](mailto:broccpolicyhelpdesk@wisconsin.gov).

For Program Integrity technical assistance, Child Care CARES/CWW and CSAW processing questions statewide, and policy questions in Milwaukee County, contact the Child Care Help Desk at [childcare@wisconsin.gov](mailto:childcare@wisconsin.gov) or 608-422-7200.

For referrals regarding alleged client or provider child care fraud, please submit a referral to the Child Care Fraud Mailbox at [DCFMBCHILDCAREFRAUD@wisconsin.gov](mailto:DCFMBCHILDCAREFRAUD@wisconsin.gov).

For W-2 Policy Questions: [DCFW2PolicyQuestions@wisconsin.gov](mailto:DCFW2PolicyQuestions@wisconsin.gov)

For W-2 CARES or WWP Functionality Questions: [BWF Work Programs Help Desk](#)

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